

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6539**

**BILL NUMBER:** HB 1127

**DATE PREPARED:** Dec 1, 1998

**BILL AMENDED:**

**SUBJECT:** Indiana Family Leave Act.

**FISCAL ANALYST:** Beverly Holloway

**PHONE NUMBER:** 232-9851

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill allows a person who works for an employer that employs at least 20 employees but not more than 49 employees to take family leave to be with the person's family for the birth, adoption, or serious illness or injury of the person's child or the serious illness or injury of the person's parent or spouse. It protects the employee's employment and benefit rights.

**Effective Date:** July 1, 1999.

**Explanation of State Expenditures:** This bill would entitle employees who work for businesses or institutions that have between 20 and 49 employees to take up to 10 weeks of family leave in any twelve month period. Reasons for family leave include the birth, adoption, or serious illness or injury of a child, spouse or parent. The bill protects the employee's work status and health benefits while on leave. Employees working for businesses with 50 or more employees are covered by the federal family leave act.

According to 1995 census data, 12,881 establishments, or approximately 9% of Indiana's businesses would be affected by this bill. Some local governments would also be affected. Approximately 391,000 employees would become eligible for family leave under this bill. By comparison, the federal family leave law covers approximately 1,431,000 employees in Indiana.

The Indiana Department of Labor (DOL) would have responsibility for enforcement, including investigation and adjudication of any complaints. They expect to receive approximately 1,500 family leave complaints. Complaint resolution, according to the DOL, is expected to average 10 hours per complaint. Given this information, the DOL would need two new professional positions and one support position. The total costs, including salaries, fringe benefits and indirect costs are \$105,639 FY 2000 and \$104,422 FY 2001. The funds and resources required above could be supplied through a variety of sources, including the following: (1) Existing staff and resources not currently being used to capacity; (2) Existing staff and resources currently being used in another program; (3) Authorized, but vacant, staff positions, including those positions that

would need to be reclassified; (4) Funds that, otherwise, would be reverted; or (5) New appropriations. The DOL currently has a total of 147 authorized positions on the manning table of which 23 positions are vacant. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

The DOL believes there will be additional fees associated with Administrative Law Judges (ALJ). The DOL estimates there will be 20 hearing days a year with a \$50 per diem totaling \$1,000 in ALJ expenses plus mileage reimbursement. The Attorney General's Office may also be required to participate in legal proceedings involving some cases.

Employers would be required under this bill to continue to provide group health insurance coverage on the same terms and conditions in effect at the time the family leave began.

Another impact of granting short term leave is the indeterminable productivity losses which may occur from current staff having to absorb the temporary workload changes or the productivity losses which would likely occur with the hiring of temporary employees. Similarly, however, grieving or distracted workers will likely reduce productivity. These impacts would occur in government as well as in the private sector.

Violation of the family leave law carries a \$1,000 civil penalty. All penalties collected are deposited in the state General Fund.

**Explanation of State Revenues:** The filing fee for civil actions is \$100. Of this fee, 70% or \$70 is deposited in the state General Fund if the case is filed in a trial court. If a civil case is filed in a city or town court, the state General Fund receives 55% of the \$100 filing fee.

**Explanation of Local Expenditures:** Local governments would be required to provide group health insurance coverage to employees on family leave. They may also incur losses in productivity as discussed in the "Explanation of State Expenditures."

Added civil actions may increase the caseloads of some trial courts or city or town courts. The operating expenses of the trial courts are paid by the county general fund. The expenses of the city and town courts are paid by the general fund of the city or town in which the court is located.

**Explanation of Local Revenues:** If the case is filed in trial court, the county general fund receives \$27, or 27%. The other \$3, or 3%, is deposited in the general fund of the cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a circuit, superior, county, or municipal court located in the county. If the case is filed in a city or town court, the county general fund receives 20% while the city or town general fund receives \$25.

**State Agencies Affected:** Department of Labor; Attorney General's Office.

**Local Agencies Affected:** Local governments.

**Information Sources:** Pete Rimsans, Department of Labor, (317) 233-9351. County Business Patterns 1995, Table 1b, p. 12, U.S. Census Bureau.